

## Report for the month of October 2011

CARE Ratings Maldives (CARE) conducted training programs for the new recruits. The recruits were trained on various rating products, analysis of the financial statements, rating methodology for various industries, standard operating procedures, accessing databases, presentation and communication skills, human resources policies, etc. The training program was conducted by team of experienced management personnel through video conferencing facility from CARE's Head Office in Mumbai, India. The training program was conducted over a period of five days.

CARE published a research report<sup>1</sup> on Maldivian Economy based on the statistics released by MMA in October, 2011. According to the report, the GDP is estimated to grow at 8.3% in 2011, reflecting recovery of the economy following the downturn in 2009. This growth is supported by continued buoyant growth in tourism and related sectors such as construction and transportation. In 2011, Tourism industry has seen a growth of 18% in tourist arrivals during the nine month period from January to September as compared to the corresponding period in 2010. Inflation has increased as compared to previous, mainly on account of depreciation of Maldivian Rufiyaa and increase in fuel prices.

In continuation with its commitment towards developing efficient financial system in Maldives through the use of credit rating, CARE Ratings Maldives introduced rating methodology for Corporate Governance Ratings (CGR) for Maldives based companies. CARE evaluates entities for their corporate governance policies and practices, while also assessing their ability to relate to various constituencies so as to ensure reasonable value creation for all of them. While CARE's CGR provides an independent and credible assessment of the quality and extent of corporate governance followed by corporate relative to industry best practices, the Corporate

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<sup>1</sup>The complete Economic Research report can be viewed on [www.careratingsmaldives.com](http://www.careratingsmaldives.com).

Governance and Value Creation Ratings (CGV) evaluates the extent of value created by the company for its various stakeholders and the equity of its distribution.

CARE's CGR methodology looks at four major dimensions namely *accountability & systems, transparency, stakeholder relationship and compliance*. Under *accountability and systems* dimension, CARE would assess the process of 'accountability' that is built in an organization. CARE would also evaluate the quality of systems in place for effective accountability to various participants. Under *transparency*, CARE would evaluate the quality of transparency between the Board, shareholders, management, company's subsidiaries and intra-company transparency. CARE evaluates the company's *relationship with its stakeholders*, including most prominently - its shareholders, besides its employees, lenders, suppliers, customers and the society at large. CARE also assesses various parameters while evaluating the company's statutory and regulatory *compliance*.